

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
OFFICE OF INSPECTOR GENERAL
SUMMARY OF SIGNIFICANT AUDITS
MARCH 2002**

OIG Audit Report Number 02-01, *Audit of Corporation for National and Community Service's Fiscal Year 2001 Financial Statements*

OIG engaged KPMG to audit the Corporation's fiscal year 2001 financial statements. KPMG issued an unqualified opinion and found no instances of material non-compliance with laws or regulations.

KPMG noted certain matters involving internal control over financial reporting and its operations that were considered to be a reportable condition. However, KPMG and OIG agreed that this condition did not constitute a material weakness.

Over the past few years, the Corporation has made steady progress in improving its financial management system. In the FY 2000 audit, KPMG noted one material weakness relating to grants management. In contrast, the FY 2001 audit identified no material weaknesses.

OIG Audit Report Number 02-22, *Assessment of Project Management Risks Related to the Corporation for National and Community Service's Development of a Grants Management System*

OIG engaged KPMG to prepare a risk management assessment of the Corporation's contractual initiative to develop an integrated grants management system capable of providing comprehensive financial information for all grants and cooperative agreements. The assessment employed a five-part methodology that considered: (1) assessing the inherent risks; (2) understanding the controls in place; (3) determining the effectiveness of the controls; (4) identifying control weaknesses; and (5) deducing and reporting residual risk.

It concluded that the Corporation has adequately managed the grants management system project and found that the current level of residual risk is low except in a few areas that are rated as medium. The analysis identified three areas that require additional management attention relating to quality assurance, testing methodologies, and the system's life cycle maintenance strategy that require additional management attention. The Corporation concurred with the report's recommendations.

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
OFFICE OF INSPECTOR GENERAL
SUMMARY OF SIGNIFICANT INVESTIGATIONS
MARCH 2002**

Former Director of RSVP Sponsor Pleads Guilty to Theft of Funds

We completed an investigation we opened after Corporation management received an allegation that the director of an organization sponsoring a Corporation-funded Retired Senior Volunteer Program (RSVP) utilized RSVP funds for his personal use. Our investigation disclosed evidence that the executive director diverted \$2,347.27 of Federal program funds for his personal use. The executive director resigned during the initial phases of our investigation. The U.S. Attorney declined to prosecute based on the dollar amount of the loss. The local prosecutor accepted the matter for prosecution and a subsequent state investigation found evidence that the former executive director also used state funds to award approximately \$60,000 in unauthorized salary increases. The former executive director pled guilty and was sentenced to five years supervised probation, assessed a \$23 per month probation fee, and required to pay restitution of \$32,432.11, of which \$2,347.27 is RSVP funds. We provided Corporation management the information on the conviction and recommended they consider debarring the executive director, thereby disqualifying him from Government procurement and non-procurement programs and Government sub-programs for a period of time. (01-006)

Former AmeriCorps Program Director Admits Making Improper Payments

We completed an investigation we opened after an AmeriCorps program director reported he found evidence of fraud committed by his predecessor. We coordinated with the appropriate office of the FBI and worked jointly with them as a part of an investigative task force that was already investigating alleged corruption involving Federal grants. Two AmeriCorps Promise Fellows, one of whom is the son of the former program director, admitted receiving AmeriCorps stipends on a regular basis when they performed no service, including a three week period that they both were in Japan with their National Guard unit. The former program director admitted providing the stipends to the two Promise Fellows when he knew that they had not performed any service, and admitted that he did so in order to provide his son and the other AmeriCorps Promise Fellow an income. The two Promise Fellows were not certified as eligible to receive an education award. After initially accepting this matter for civil recovery, the Assistant United States Attorney for civil enforcement decided to not pursue this matter further, stating that the chances of recovery were low inasmuch as two of the three individuals are not employed. This matter was referred to management with the recommendation that management consider debarring the former program director, thereby disqualifying him from Government procurement and non-procurement programs and Government sub-programs for a period of time. (00-024)

Former AmeriCorps Program Director Admits to Forgery and Submission of False Time Sheets in Attempt to Obtain Unauthorized Education Award

We completed an investigation we opened after a Corporation program officer reported that AmeriCorps member time sheets submitted by a Corporation grantee may be suspect in that they appeared to be identical. Our investigation found no identical member time sheets, but we did find evidence that a former program director at one of the grantee's sites submitted an education award request in her own name, for an award she did not earn. The former program director admitted forging a name as a supervisor on the false time sheets, and then submitting the false time sheets in her own name in an attempt to get an education award. She told us she did this because she incurred a large debt while pursuing her education and needed the money. The false time sheets were detected before any funds were disbursed. Prosecution was declined. We referred this matter to management with the recommendation that management consider debarring the former program director, thereby disqualifying her from Government procurement and non-procurement programs and Government sub-programs for a period of time. (02-004)

Improper Payments to AmeriCorps Members Recovered

We completed an investigation we opened after the executive director of a state commission reported AmeriCorps member time sheet irregularities at one of the commission's grantees. The grantee had little or no backup documentation to support the service hours reported by the grantee's AmeriCorps members. We found some members were improperly certified for service hours they did not perform and some members continued to receive stipends after they left the AmeriCorps program. The loss due to education award payments being made to ineligible members was \$48,286. This amount will be repaid to the Corporation. The loss involving excess stipends was \$50,099.61. The state commission will recover this amount from their grantee and it will remain available for commission use. (01-009)